

Private equity takeovers of health care services linked to patient harm

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Private equity ownership of health care services such as nursing homes and hospitals is associated with harmful impacts on costs and quality of care, suggests a review of the latest evidence published by *The BMJ*

today.

No consistently beneficial impacts of [private equity ownership](#) were identified, and the researchers say these results confirm the need for more research on private equity ownership in health care and possibly increased regulation.

Private equity firms use capital from wealthy individuals and large institutional investors to buy companies, and after a relatively brief period of ownership, sell them for substantial returns. Over the past decade, private equity firms have increasingly invested in, acquired, and consolidated health care facilities, with global health care buyouts exceeding \$200 billion (£157 billion; €184 billion) since 2021 alone.

But despite much speculation, it's still not clear what impact private equity ownership of health care operators has on costs, [quality of care](#), and health outcomes. To address this uncertainty, researchers analyzed the results of 55 studies (47 focused exclusively on the U.S.) published in peer-reviewed journals in the past two decades.

Nursing homes were the most commonly studied settings, followed by hospitals and dermatology facilities. The studies were designed differently, and were of varying quality, but the researchers were able to allow for that in their analysis.

Nine of 12 studies showed [higher costs](#) to patients or payers at [health facilities](#) owned by private equity firms (harmful impact), three found no differences, and none showed lower costs (beneficial impact).

Private equity ownership was also associated with mixed to harmful impacts on quality. Of 27 studies that assessed health care quality, 12 found harmful impacts, three found beneficial impacts, nine found mixed impacts (some quality measures declined, some improved), and in

three the results were neutral.

Health outcomes showed both beneficial and harmful results, as did costs to operators, but the volume of studies for these outcomes was too low for any definitive conclusions to be drawn.

When nursing homes were analyzed separately, private equity ownership often had mixed impacts on quality, but the researchers point out that more evidence suggests a degradation rather than an improvement in quality, such as a decrease in [nurse staffing](#) or a shift to lower nursing skill mix.

The researchers acknowledge that they did not differentiate between different types of private equity investment and ownership, and were unable to assess larger possible impacts of private equity on access to care. And because most of the included studies occurred in the US, the impacts identified may not apply to all global settings.

Nevertheless, they say this study fills a gap in the current literature on private equity ownership in health care, and presents emergent patterns related to private equity ownership that other studies have been unable to synthesize.

As such, they note, "The results of this study confirm the need for increased rigorous research on private equity ownership in health care, particularly its impacts on [health outcomes](#) and system costs and in other non-US settings, such as Europe.

"This said, the current body of evidence is robust enough to confirm that private equity ownership is a consequential and increasingly prominent element in health care, warranting surveillance, reporting, and possibly increased regulation."

"Unfortunately, it is much harder to identify legislative solutions to quality problems at provider organizations owned by private equity firms," says journalist Merrill Goozner, in a linked editorial.

He acknowledges that a few US states "have begun contemplating closer scrutiny of proposed private equity acquisitions" but says [public officials](#) "clearly need new and more effective tools for reviewing and approving the terms of private equity's involvement in health care."

The best time to stop the deterioration in health care quality associated with takeovers is before it starts, he writes. "Higher quality studies on [patient safety](#) and outcomes and the effect of private equity takeovers on communities would greatly bolster the case for legislators proposing stricter regulations."

More information: Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review, *The BMJ* (2023). [DOI: 10.1136/bmj-2023-075244](https://doi.org/10.1136/bmj-2023-075244)

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